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Glacier Explorers Limited

SEP 25 1962

5TH ANNUAL REPORT

President

A. W. JOHNSTON

Vice-President

WM. MCKEE

Secretary-Treasurer

W. M. O'SHAUGHNESSY

Directors

A. W. JOHNSTON

WM. MCKEE

W. M. O'SHAUGHNESSY

W. C. CAMPBELL

L. E. WETMORE

Transfer Agent and Registrar

GUARANTY TRUST COMPANY OF CANADA

TORONTO AND MONTREAL

Auditors

THORNE, MULHOLLAND, HOWSON & MCPHERSON

TORONTO, ONTARIO

Head Office

SUITE 1600, 100 ADELAIDE STREET WEST, TORONTO 1, ONTARIO

FOR THE YEAR ENDED APRIL 30, 1962

DIRECTORS' REPORT TO THE SHAREHOLDERS

September 6, 1962

Your Board of Directors submits herewith the Annual Report of the Company together with Consolidated Financial Statements and Report of the Auditors for the fiscal year ended April 30, 1962.

Since the last Annual Report, the Company has acquired two helium permits in the Province of Saskatchewan particularly known as Permits H-51 comprising 87,360 acres and H-62 containing an area of 99,520 acres. Preliminary work to test the structures is being planned by the Company's consulting geologist.

No further work was done during the year on the acreage block in the Fort Good Hope area, but it remains in good standing until August 29, 1963.

In view of the disappointing results obtained from previous work, the 242,488-acre block in the Great Slave Lake area and the Rondeau Lake area lease, in which Glacier had a 25% interest, were allowed to lapse.

During the year the Company's subsidiary, Albino Gas Limited, transferred to an interested party its exploratory licenses of occupation in the Lake Erie area and agreed to option the petroleum and natural gas leases under the terms as set out in Note 3 to the Financial Statements. To date, the two wells have been drilled and completed. The first hole was a dry one and the second yielded 115,000 cubic feet per day which is slightly less than the 150,000 cubic feet per day required under the terms of the agreement. It is hoped that fracturing may improve the flow of this hole.

Gross income from gas sales for the year from the Albino production well amounted to \$6,196.54. The optionee has agreed to rework this well in an endeavor to increase production. At his request the optionee has been granted a year's extension to the existing agreement.

During the year your Company participated with Brett Oil and Gas Limited in drilling two wells and reworking an old one in the Taber area of Alberta at a cost to Glacier of \$12,030.95. Glacier has a 15% interest in this farmout acreage. These wells were placed on production May 1, 1962, and a small revenue is accruing from them.

The net income from the four producing wells in the Chin Coulee area, Alberta, in which the Company has a 20% interest, amounted to \$2,422.81. No further wells were drilled in this area during the year.

Enclosed herewith is Notice of Annual General Meeting of Shareholders to be held on October 10, 1962.

If you are unable to attend, kindly execute the enclosed Proxy and return it to the Secretary, Suite 1600, 100 Adelaide Street West, Toronto 1, Ontario, at your earliest convenience.

On Behalf of the Board

A. W. JOHNSTON

President

AUDITORS' REPORT

To the Shareholders of
Glacier Explorers Limited:

We have examined the consolidated balance sheet of Glacier Explorers Limited and its subsidiary company as at April 30, 1962 and the consolidated statements of income, deficit and preproduction expenditures for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying consolidated balance sheet and related consolidated statements of income, deficit and preproduction expenditures present fairly the combined financial position of Glacier Explorers Limited and its subsidiary company as at April 30, 1962 and the results of their combined operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

THORNE, MULHOLLAND, HOWSON & McPHERSON
Chartered Accountants

Toronto, Canada
July 12, 1962

GLACIER EXPLORERS LIMITED and its Subsidiary Company Albino
Incorporated under the laws of Ontario

ASSETS

CURRENT ASSETS:

Cash		\$49,054.32
Accounts receivable and accrued income		414.27
Prepaid insurance		61.03
Deposit held by the Province of Alberta in connection with an interest in oil and gas wells		1,370.00
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		\$ 50,899.62

INVESTMENT IN SHARES OF MINING COMPANIES, AT COST OR

LESS (market value \$63,897.20) (note 1)	73,185.04
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**INTEREST IN OIL, GAS AND HELIUM PERMITS AND LEASES at the
consideration given therefor consisting of 546,423 shares
of capital stock valued at \$396,423.00 and \$142,918.01 cash
(notes 2 and 3)**

539,341.01

FIXED ASSETS:

Gas pipeline, at cost	21,739.81	
LESS Accumulated depreciation	7,826.33	13,913.48
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PREPRODUCTION EXPENDITURES	<hr/>	
	555,062.47	
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	\$ 1,232,401.62	

Limited CONSOLIDATED BALANCE SHEET April 30, 1962

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued expenses	\$ 8,746.63
Deposit received (note 3)	5,000.00
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MINORITY INTEREST	1,438.16
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SHAREHOLDERS' EQUITY:

Capital stock:

Authorized, 4,000,000 shares, par value \$1.00 each	
Issued, 2,800,005 shares (notes 4 and 5)	2,800,005.00
DEDUCT Net discount thereon	398,758.60
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	2,401,246.40
DEDUCT Deficit	1,184,029.57
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The accompanying notes are an integral part of this statement.

Approved on behalf of the Board:

A. W. JOHNSTON, Director

Wm. McKEE, Director

This is the balance sheet referred to in our report to the shareholders dated July 12, 1962, appended hereto.

THORNE, MULHOLLAND, HOWSON & McPHERSON
Chartered Accountants

\$ 1,232,401.62

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

Year ended April 30, 1962

1. Details of investment are as follows:

	Book Value	Market Value
Escrowed shares, valued as free shares	\$40,727.10	\$30,545.90
Free shares	32,457.94	33,351.30
	<u>\$73,185.04</u>	<u>\$63,897.20</u>

2. In connection with the acquisition of a 100% interest in a helium permit in the Province of Saskatchewan, the company is obligated to expend, if it intends to retain its interest, during the period from January 16, 1962 to July 15, 1965 a sum equivalent to \$1.50 per acre retained (maximum \$131,040.00) or \$103,624.00, whichever is the greater.

3. The company's subsidiary company agreed to transfer to another interested party, hereinafter called the optionee, the exploratory licenses of occupation and to option the petroleum and natural gas lease until August 31, 1962 in consideration of:

(1) A payment of \$5,000.00 to Albino Gas Limited

(2) The covenant of optionee to cause:

(a) the existing well on the lease to be reworked, and

(b) the drilling and completion on the exploratory licenses of occupation of at least two wells.

In the event the optionee completes the reworking of the existing oil well and provided commercial production is obtained on at least one of the wells to be drilled on the exploratory licenses of occupation, the optionee may elect to purchase the lease for a further sum of \$51,000.00, of which the first \$10,000.00 shall be paid from 60% of net production and the remaining \$41,000.00 from 40% of net production.

In the event that optionee does not secure commercial production from any wells drilled, Albino Gas Limited shall repay to the optionee the rework and bailing costs in connection with the existing well on the lease in an amount not to exceed \$5,000.00.

All net production from the existing well on the lease from and after execution until the exercise of the option shall accrue to Albino Gas Limited. If, however, commercial production from the wells to be drilled is obtained and piped into the existing line on the lease, Albino Gas Limited shall apply all net production at the agreed percentages against the \$51,000.00.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

(Continued)

4. Change in common stock position during the year:

	Shares and par value	Net discount	Net Amount
Balance at beginning of year	\$ 2,400,005.00	\$ 98,758.60	\$ 2,301,246.40
Issued during the year for:			
Cash	200,000.00	150,000.00	50,000.00
Helium permit	200,000.00	150,000.00	50,000.00
Balance at end of year	<u>\$ 2,800,005.00</u>	<u>\$398,758.60</u>	<u>\$ 2,401,246.40</u>

5. In accordance with an agreement dated March 20, 1962 and amended June 26, 1962 the company has agreed to sell to an underwriter 200,000 shares of its capital stock at 25¢ per share, realizing \$50,000.00 cash, and in consideration therefor granted options on 800,000 additional shares as follows:

- 200,000 shares at 25¢ per share on or before September 26, 1962
- 200,000 shares at 30¢ per share on or before December 26, 1962
- 200,000 shares at 35¢ per share on or before March 26, 1963
- 200,000 shares at 40¢ per share on or before June 26, 1963.

6. The cost of the Chin Coulee oil wells of \$37,647.10 as shown in the statement of pre-production expenditures consists of the following items:

Balance at beginning of year (previously shown as an asset)	\$43,494.01
ADD Net expenses for year	4,469.29
	<u>47,963.30</u>
DEDUCT Cost of oil wells abandoned, transferred to deficit account	10,316.20
	<u><u>\$37,647.10</u></u>

CONSOLIDATED STATEMENT OF INCOME

Year ended April 30, 1962

Sales of gas		\$ 6,196.54
FIELD EXPENSES:		
Royalties	\$ 495.71	
Government license and fee	25.70	
Insurance	92.59	
Survey expenses	210.00	
Engineering services	1,500.00	
Depreciation	3,478.37	\$ 5,802.37
Operating profit		394.17
ADMINISTRATIVE EXPENSES:		
Administrative services	2,400.00	
Legal and audit	1,460.10	
Miscellaneous	83.40	\$ 3,943.50
Loss for year before undernoted adjustment		3,549.33
ADJUSTMENT OF PREVIOUS YEAR'S INCOME:		
Royalties	713.28	
LESS Meter inspection service cost cancelled	100.00	\$ 613.28
Loss for year before minority interest		4,162.61
Minority interest		1,822.66
LOSS FOR YEAR		\$ 2,339.95

CONSOLIDATED STATEMENT OF DEFICIT

Year ended April 30, 1962

Deficit at beginning of year		\$ 1,155,388.30
ADD:		
Loss for year	\$ 2,339.95	
Petroleum and natural gas lease written off	4,081.07	
Cost of oil wells abandoned	10,316.20	
Oil and gas permits written off	\$ 1,050.00	
ADD Preproduction expenditures thereon	12,100.00	\$ 13,150.00
		29,887.22
DEDUCT:		
Profit on sale of investments	95.95	
Dividends received	1,150.00	\$ 1,245.95
DEFICIT AT END OF YEAR		\$ 1,184,029.57

CONSOLIDATED STATEMENT OF PREPRODUCTION EXPENDITURES

Year ended April 30, 1962

EXPLORATION AND DEVELOPMENT:

OIL AND GAS PERMITS AND LEASES:

Peel Plateau, Lower Mackenzie River Plains,
Northwest Territories:

Balances at beginning of year:

General	-----	\$190,222.36
Rondeau Lake area	-----	10,000.00
Fort Good Hope area	-----	57,818.75

Great Slave Lake area, Northwest Territories:

Balance at beginning of year	-----	12,100.00
LESS Transferred to deficit account	-----	12,100.00

Norfolk County, Ontario:

Balance at beginning of year	-----	45,280.26
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ADD:

Lease rentals	-----	246.25
Storage	-----	100.00
		45,626.51

DEDUCT Proceeds from sale of pipe	-----	1,684.50	43,942.01
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Lake Erie, Ontario:

Balance at beginning of year	-----	64,385.52	\$366,368.64
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HELIUM PERMIT:

Township 15 and 16, Saskatchewan Geological Report	-----	488.00
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PARTICIPATION IN OIL WELLS:

Chin Coulee, Alberta:

Cost of oil wells (note 6)	-----	37,647.10
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DEDUCT Accumulated net income:

Balance at beginning of year	-----	2,403.92
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DEDUCT:

Lease rentals for previous years	-----	\$3,159.68
LESS Net income for year	-----	736.87
		1,667.05

35,980.05

CONSOLIDATED STATEMENT OF PREPRODUCTION EXPENDITURES

(Continued)

Taber, Alberta:

Cost of oil wells	12,030.95
ADD Net loss for year	62.52

12,093.47 48,073.52

GENERAL EXPLORATION:

Balance at beginning of year	32,635.91
Engineering services	8,100.00

40,735.91

ADMINISTRATION:

Balance at beginning of year	84,579.47
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Expenditures during year:

Legal and audit fees	3,643.10
Administration services	3,600.00
Shareholders' information and publicity	1,372.37
Printing and stationery	225.20
Transfer agent's fees and expenses	797.52
Directors' fees	825.00
Listing fees	500.00
Government fees and taxes	3,192.19
Telephone and telegraph	269.15
Travelling	221.70
Miscellaneous	170.70

14,816.93 99,396.40

PREPRODUCTION EXPENDITURES AT END OF YEAR \$555,062.47